

Message Text

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ACTION EB-08

INFO OCT-01 EA-10 ISO-00 AGRE-00 CEA-01 CIAE-00
COME-00 DODE-00 FRB-03 H-01 INR-10 INT-05 L-03
LAB-04 NSAE-00 NSC-05 PA-01 CTME-00 AID-05 SS-15
STR-07 ITC-01 TRSE-00 ICA-11 SP-02 SOE-02 OMB-01
DOE-15 /111 W
-----049584 192342Z /14

R 190551Z MAY 78
FM AMEMBASSY TOKYO
TO SECSTATE WASHDC 8045

C O N F I D E N T I A L SECTION 01 OF 02 TOKYO 08982

E.O. 11652: GDS
TAGS: ETRD, JA, US
SUBJECT: JAPANESE COLOR TV IMPORTS INTO U.S.:ASSESSMENT
OF PENDING ISSUES

REF: (A) TOKYO 8360, (B) STATE 120091

1. SUMMARY: EMBASSY BELIEVES MITI UNDERSTANDS US LEGAL PROCESSES THAT WILL HAVE TO BE PLAYED OUT THROUGH U.S. LEGAL CHANNELS AND ARE MOST GRATEFUL FOR TREASURY'S WILLINGNESS TO HEAR NEW EVIDENCE. THE FACT THAT MITI HAS TAKEN A MORE OPTIMISTIC LINE WITH THE PRESS (TOKYO 8360) COULD LEAD TO NEW EMBARRASSMENT FOR JAPANESE IF THE MITI-TREASURY CONVERSATIONS DO NOT RESULT IN A SUBSTANTIAL REDUCTION OF THE ANTI-DUMPING DUTIES. OBVIOUSLY CONCERN OVER ECONOMIC IMPACT OF ANTI-DUMPING DECISION REMAINS STRONG, HOWEVER. WE BELIEVE WE SHOULD NOW BE LOOKING AHEAD TO THE NEXT CLOUD ON THIS HORIZON, THE QUESTION OF REBATES INVESTIGATION WHICH IS NOW UNDER CONSIDERATION IN DEPARTMENT OF JUSTICE. TO EXTENT POSSIBLE WITHIN CONSTRAINTS OF JUSTICE INVESTIGATION, EMBASSY BELIEVES WE SHOULD APPROACH MITI WELL IN ADVANCE OF PUBLIC ATION ON REBATES CASE TO HELP PREPARE JAPANESE FOR THIS NEXT
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JOLT. REQUEST DEPARTMENT'S VIEWS. END SUMMARY.

2. MITI, THE ELECTRONICS INDUSTRY AND ELECTRICAL MACHINERY WORKERS FEDERATION HAVE NOW ALL WEIGHED IN WITH THEIR VIEWS ON MARCH 31 ANNOUNCEMENT BY TREASURY DEPARTMENT ON COLOR TV DUMPING DUTIES AND HAVE NOW MADE THEIR OPINIONS AND INTENTIONS KNOWN TO EMBASSY AND TO WASHINGTON.

INITIAL PUBLIC EXPRESSIONS OF SHOCK AND SURPRISE HAVE NOW
TAKEN ON A MORE MODERATE TONE, GREATLY AIDED OF
COURSE BY TREASURY EXPLANATIONS TO JAPANESE IN ADVANCE
OF PRIME MINISTER'S VISIT.

3. WE BELIEVE ALL PARTIES NOW REALIZE THAT UNDERSTANDINGS
BETWEEN U.S. AND JAPANESE SIDES WHICH LED TO OMA DO NOT
EXTEND TO PRESENT DUMPING CASE, THAT MARCH 31 ANNOUNCEMENT
PERTAINED ONLY TO ASSESSMENTS FOR THE YEARS 1972 AND
1973, AND THAT ADDITIONAL ANTI-DUMPING DUTIES ARE STILL TO
BE LEVIED. OUR UNDERSTANDING IS, HOWEVER, THAT THE
JAPANESE DO PLAN TO WORK OUT WITH TREASURY AN AGREEMENT ON
ASSESSMENTS AND FORMULA FOR CALCULATING THESE ASSESSMENTS.

4. WE HAVE STRESSED IN OUR DISCUSSIONS WITH THE JAPANESE
THAT U.S. LEGAL PROCESSES ARE INDEPENDENT, AND THAT EVEN
THOUGH POLITICAL AND ECONOMIC AGREEMENTS MAY BE REACHED
WHICH SERVE TO AMELIORATE CERTAIN TENSIONS AND STRAINS IN
OUR TRADING RELATIONSHIPS, LEGAL ACTIONS ONCE INITIATED
MUST BE BROUGHT TO A CONCLUSION THROUGH THE NORMAL LEGAL
CHANNELS. WE HAVE ALSO ACKNOWLEDGED THAT IN THIS RESPECT
THE U.S. SYSTEM MAY BE SOMEWHAT LESS FLEXIBLE THAN THE
JAPANESE SYSTEM WHEREIN THERE ARE MORE POSSIBILITIES FOR
ADJUSTING FORMAL LEGAL FRAMEWORKS TO FIT CHANGING CONDITIONS.

5. WHILE THE JAPANESE APPEAR TO RECOGNIZE THAT THE PRESENT
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ANTI-DUMPING ACTIONS MUST BE PLAYED OUT FULLY, THEY ARE
CONCERNED ABOUT THE IMPACT INDIVIDUAL ASSESSMENTS WILL
HAVE ON THEIR U.S. DISTRIBUTORS AND, BY EXTENSIONS, ON
LEVELS OF PRODUCTION AND EMPLOYMENT AT HOME.
WHETHER RIGHTLY OR WRONGLY, THE VISCERAL FEELING REMAINS THAT
THE MARCH 31 ANNOUNCEMENT WAS A SURPRISE SINCE THEY ASSUMED
REFERENCE TO LIQUIDATING DUMPING DUTIES ISSUE IN OMA
MEANT WIPING SLATE CLEAN. IN ADDITION, IT IS FELT THAT THE
U.S. DID NOT FULLY TAKE INTO ACCOUNT JAPANESE SENSITIVITIES
BEFORE MAKING PUBLIC THE DECISION TO COLLECT ANTI-DUMPING
ASSESSMENTS. AS NOTED PREVIOUSLY, MITI OFFICIALS, IN
PARTICULAR, WERE LATE IN GETTING THE WORD AND UPSET OVER
FAILURE TO RECEIVE WHAT THEY CONSIDERED ADEQUATE PRIOR
NOTICE OF THE MARCH 31 ANNOUNCEMENT. WILLINGNESS OF
TREASURY AND CUSTOMS TO SPEAK WITH JAPANESE MANUFACTURERS
AND IMPORTERS IN THE U.S. ABOUT THE ASSESSMENTS AND TO
ACCEPT CHALLENGES HAS DONE MUCH TO REDUCE SURFACE
TENSIONS HERE, ALTHOUGH UNDERLYING CONCERNS OVER THE
ECONOMIC IMPACT OF THE U.S. ACTION REMAIN STRONG.

6. IN VIEW OF THIS, WE BELIEVE IT PRUDENT TO EXAMINE NOW
HOW WE CAN BEST DEAL WITH THE NEXT QUESTION ON THE HORIZON,

THAT OF REBATES TO U.S. IMPORTERS OF JAPANESE COLOR TV SETS WHICH, WE UNDERSTAND, IS CURRENTLY UNDER EXAMINATION BY THE DEPARTMENT OF JUSTICE. WE BELIEVE IT ADVISABLE TO CONSULT WITH MITI ON THIS ISSUE WELL IN ADVANCE OF ANY PUBLIC AIRING TO GIVE MITI THE OPPORTUNITY TO BEGIN PREPARING INDUSTRY AND LABOR UNIONS FOR ANOTHER JOLT. IN STRICTLY ECONOMIC TERMS, THE IMPACT OF THE REBATES CASE, WHICH MAY AMOUNT TO MORE THAN A BILLION DOLLARS DUE FROM U.S. IMPORTERS, WILL BE MUCH GREATER THAN THAT OF THE ANTI-DUMPING ASSESSMENTS. COMING ON THE HEELS OF THE \$46 MILLION ASSESSMENTS ALREADY ANNOUNCED AND THE ANTICIPATED ADDITIONAL ANTI-DUMPING ASSESSMENTS OF SEVERAL

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FM AMEMBASSY TOKYO

TO SECSTATE WASHDC 8046

C O N F I D E N T I A L SECTION 02 OF 02 TOKYO 08982

HUNDRED MILLION DOLLARS FOR THE PERIOD SINCE 1973, THE PSYCHOLOGICAL IMPACT OF FURTHER LEGAL ACTION CAN BE EXPECTED TO BE EVEN GREATER DESPITE OUR EXPLANATIONS OF THE INEVITABLE TURN OF THE WHEELS OF JUSTICE.

7. AS REPORTED PREVIOUSLY, WE BELIEVE THERE IS A CERTAIN AMOUNT OF HONEST CONFUSION IN THE MINDS OF MANY JAPANESE AS TO HOW THE MULTIFARIOUS CURRENTS IN U.S. TRADE POLICY COME TOGETHER TO FORM A COHERENT WHOLE, ESPECIALLY WITH RESPECT TO THE INTERFACE BETWEEN OUR NEGOTIATIONS WITH FOREIGN TRADING PARTNERS TO RECONCILE IMBALANCES ON THE ONE HAND AND OUR INTERNAL REGULATORY ACTIONS AND LITIGATION ON THE OTHER. WE BELIEVE THAT BY INITIATING A DIALOGUE WITH MITI ON THE REBATE ISSUE BEFORE IT BECOMES A MATTER OF WIDESPREAD PUBLIC SPECULATION, WE CAN MINIMIZE THESE REAL MISUNDERSTANDINGS, UNDERCUT SOME OF THE CRITICISM WHICH CAN BE EXPECTED TO ACCOMPANY THIS ISSUE

IN JAPAN, AND REAFFIRM OUR READINESS TO TALK ABOUT
ECONOMIC PROBLEMS OF MUTUAL CONCERN IN A CONSTRUCTIVE WAY.

8. WE REALIZE THAT THE TIMING OF ANY SUCH DISCUSSIONS
WOULD HAVE TO BE COORDINATED CAREFULLY SO AS NOT TO
IMPINGE UPON PROSECUTION OF THE REBATE CASE IN THE U.S. WE
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ALSO RECOGNIZE THAT ONCE ANY OVERTURES ARE MADE WITH MITI
DISCUSSIONS WILL BE FAR RANGING IN JAPAN, AND ARE BOUND TO
LEAK TO THE PRESS BEFORE LONG. WE WOULD APPRECIATE
KNOWING THE CURRENT STATUS OF THE REBATE QUESTION AND
DEPARTMENT'S VIEW- ON FEASIBILITY AND TIMING OF INITIATING
LOW-KEY TALKS WITH MITI ON THIS ISSUE. MANSFIELD

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